



**To the Honorable Council
City of Norfolk, Virginia**

February 11, 2014

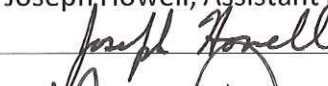

From: Sabrina Joy-Hogg, Assistant City Manager
and Director of Budget and Grants
Management

Subject: Hampton Roads Regional Jail
Operating Reserve Ordinance

Reviewed: Joseph Howell, Assistant to the City Manager

Ward/Superward: Citywide

Approved:



Marcus D. Jones, City Manager

Item Number:

R-16

I. Recommendation: Adopt ordinance

II. Applicant: City of Norfolk

III. Description:

The Hampton Roads Regional Jail Authority is comprised of four member cities; Norfolk, Portsmouth, Hampton and Newport News. Authority by-laws require approval from each of the four member City Councils for amendments to the Hampton Roads Regional Jail service agreement. This ordinance authorizes a decrease of the Hampton Roads Regional Jail operating reserve from 25 percent to 16.67 percent of operating expenses. This ordinance was recommended for council consideration by the Hampton Roads Regional Jail Authority board on January 15, 2014.

IV. Analysis

This ordinance will effectively reduce the operating reserve requirement from a ninety day reserve to a sixty day reserve, thereby freeing up reserve funds to be used as cash flow for operating expenses.

V. Financial Impact

See Analysis.

VI. Environmental

N/A

VII. Community Outreach/Notification

Public notification for this item was conducted through the City of Norfolk's agenda notification process.

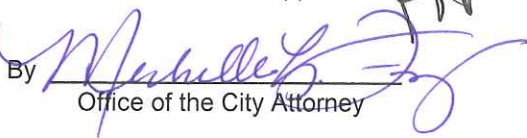
VIII. Board/Commission Action
N/A

IX. Coordination/Outreach

This letter has been coordinated with the Office of Budget and Grants Management and the City Attorney's Office.

2/5/14mr

Form and Correctness Approved:

By 
Office of the City Attorney



Contents Approved:

By 
DEPT.

NORFOLK, VIRGINIA

ORDINANCE No.

AN ORDINANCE APPROVING AN AMENDMENT TO THE
SERVICE AGREEMENT RELATING TO THE HAMPTON
ROADS REGIONAL JAIL.

- - -

WHEREAS, the Cities of Hampton, Newport News, Norfolk and Portsmouth, Virginia (the "Cities") have provided for the creation of the Hampton Roads Regional Jail Authority (the "Authority") by agreement (the "Agreement") approved effective December 14, 1993; and

WHEREAS, the Cities and the Authority entered into a service agreement (the "Service Agreement") effective December 1, 1995, setting forth certain rights and obligations of the Cities and the Authority with respect to the construction, use and operation of the Hampton Roads Regional Jail; and

WHEREAS, Section 4.3 of the Service Agreement provides that the Authority will provide for an Operating Reserve in each of its Annual Budgets in an amount equal to 25% of the expenditures, excluding debt service requirements, contained in the Annual Budget for each year; and

WHEREAS, on the recommendation of its staff and financial advisor and to minimize the annual costs to the Cities,

the Authority voted at its meeting on January 15, 2014, to amend Section 4.3 of the Service Agreement to provide for an Operating Reserve in each Annual Budget of 16.67% of the expenditures, excluding debt service requirements, contained in the Annual Budget for each year; and

WHEREAS, bond counsel to the Authority has advised it that such an amendment will not violate any provision of any resolution, indenture or agreement pursuant to which any notes, bonds or other financing has been issued by the Authority; and

WHEREAS, Section 9.5 of the Service Agreement provides that it may be amended only with the consent of the Authority and the governing body of each City; and

WHEREAS, for the reasons and purposes stated above, the Authority and the Cities desire to amend Section 4.3 of the Service Agreement; now, therefore

BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That it hereby approves, and authorizes and directs the City Manager to execute and City Clerk to attest, on behalf of the City of Norfolk, Virginia, that certain Amendment to the Service Agreement among the Hampton Roads Regional Jail Authority and the Cities of Hampton, Newport News, Norfolk, and Portsmouth dated December 1, 1995, a copy of which is attached hereto and made a part hereof.

Section 2:- That this ordinance shall be in effect from and after the date of its adoption.

**AMENDMENT TO THE SERVICE AGREEMENT OF
THE HAMPTON ROADS REGIONAL JAIL AUTHORITY**

THIS AMENDMENT to the Service Agreement of the Hampton Roads Regional Jail Authority, originally effective December 1, 1995, (the "Service Agreement") is made by and among the Hampton Roads Regional Jail Authority and the Cities of Hampton, Newport News, Norfolk and Portsmouth, Virginia, pursuant to and upon approval by the governing bodies of each of the parties hereto, to-wit:

The Service Agreement shall be amended by restating in its entirety section 4.3 thereof, as follows:

Section 4.3. Operating Reserve Fund. When the Jail is Placed in Service, the Authority agrees to provide for an Operating Reserve Fund in each of its Annual Budgets in an amount equal to 16.67% of the expenditures, excluding debt service requirements, contained in the Annual Budget for such year. The Operating Reserve Fund will be established as a separate account and will be used to cover periods of revenue shortfall when the Authority's revenues are not sufficient to cover its Net Operating Expenses.

This Amendment shall be effective upon its approval and adoption by the Board of the Hampton Roads Regional Jail Authority and the Councils of all of the Cities of Hampton, Newport News, Norfolk and Portsmouth, Virginia, and the execution of this Amendment on their behalf. This Amendment may be executed in any number of counterparts, which when taken together shall constitute one complete document.

IN WITNESS WHEREOF, the Hampton Roads Regional Jail Authority and the Councils of the Cities of Hampton, Newport News, Norfolk and Portsmouth, Virginia have caused this Amendment to be executed on their behalf.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

_____ By: _____
Date Chairman

CITY OF HAMPTON

_____ By: _____
Date City Manager

CITY OF NEWPORT NEWS

_____ By: _____
Date City Manager

CITY OF NORFOLK

_____ By: _____
Date City Manager

CITY OF PORTSMOUTH

_____ By: _____
Date City Manager



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January 23, 2014

Ms. Mary B. Bunting
City Manager
City of Hampton
22 Lincoln Street
Hampton, VA 23669

Mr. Marcus Jones
City Manager
City of Norfolk
1101 City Hall Building
Norfolk, VA 23510

Mr. James M. Bourey
City Manager
City of Newport News
2400 Washington Avenue
Newport News, VA 23607

Mr. John Rowe
City Manager
City of Portsmouth
801 Crawford Street
Portsmouth, VA 23704

Dear City Manager:

On January 15, 2014 the Hampton Roads Regional Jail Authority Board recommended a reduction in the Operating Reserve requirement from 25% to 16.67%. This will benefit the Authority by freeing up Reserves of \$2,979,884 in cash flow for operations while maintaining the jail's long-term financial health. This has an impact on the per diem rate of over \$9 per inmate day.

When the Authority created the Service Agreement the member cities agreed to have 25% of its operating budget held in a Reserve Fund. The Finance Committee, as well as our Financial Advisor and Bond Counsel, have reviewed the recommendation and have no objection. This percentage decrease from 25% to 16.67% is effectively allowing the Authority to go from a 90 day reserve to a 60 day reserve.

The reduction in the Operating Reserve requires a change in the Authority By-Laws. According to the Service Agreement a vote by the four (4) member City Councils is required to amend such.

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January 23, 2014

I have attached the Authority Resolution and a Resolution for your City Councils to consider.

If you have any questions please contact me or your representative on the Authority Board.

Respectfully,

A handwritten signature in cursive script, reading "David L. Simons".

David L. Simons, CJM
Superintendent

DLS/md

Enclosures